

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Nama Khoi Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Nama Khoi Local Municipality set out on pages X to X which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Nama Khoi Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Investment property

3. The municipality did not measure investment property in accordance with GRAP 16, *Investment property* as the municipality did not value the items in terms of the accounting policy for the current and prior year. As the municipality did not maintain adequate records, I was not able to determine the impact on the net carrying amount of investment property disclosed in note 3 for the current and prior year as it was impracticable to do so. Additionally, there was a resultant impact on the deficit for the period and on the accumulated surplus. Consequently, I was unable to determine whether any further adjustments were necessary to the investment property stated at R123 444 704 (2017: R123 444 704) in note 3 of the financial statements.

Irregular expenditure

4. The municipality did not include all irregular expenditure in the notes to the financial statements, as required by section 125(2) (d) of the MFMA. This resulted from payments made in contravention of the supply chain management (SCM) requirements. I was unable to determine the full extent of the understatement as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm irregular expenditure to the amount of R197 501 801 included in the notes to the financial statements as the municipality could not provide the full listing of individual items that support the current and prior year balance. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R197 501 801 (2017: R193 754 859) in note 52.3 of the financial statements.

Property, plant and equipment

5. The municipality did not disclose the effect of the change in accounting estimates in note 2 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods for each financial statement item affected were not disclosed. The useful lives as per the accounting policy was also not always correctly applied. I was unable to determine the full extent of the misstatement as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as property, plant and equipment. I could not confirm property, plant and equipment by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to property, plant and equipment stated at R635 969 218 in note 2 of the financial statements.

Employee benefits

6. I was unable to obtain sufficient appropriate audit evidence for employee benefits as the municipality did not provide listings that agreed with the number of employees included in the calculation and the policy that confirms the eligible employees and amounts of the benefits relating to the post-retirement health care benefits. I was unable to confirm these employee benefits by alternative means. Consequently, I was unable to determine whether any adjustment relating to employee benefits stated at R24 702 462 (2017: R23 158 294) in note 14 to the financial statements was necessary.

Payables from exchange transactions

7. During 2017, I was unable to obtain sufficient appropriate audit evidence for trade and other payables from exchange transactions and to confirm the trade and other payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to control clearing and interface accounts and other payables stated at R9 359 003. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the trade and other payables from exchange transactions for the current period. Consequently, I was unable to determine whether any adjustment relating to control clearing and interface accounts and other payables stated at R10 488 537 (2017: R9 359 003) disclosed in note 18. This will also impact government grants and subsidies of the prior year stated at R56 467 167 in note 24 to the financial statements.

Receivables from exchange transactions

8. The municipality incorrectly calculated impairment loss on receivables from exchange transactions in the current year and prior year by using the incorrect assumptions in the calculation, as required by GRAP 26, *Impairment of Cash-generating assets* and incorrectly accounted for the sale of land as required by GRAP 9, *Revenue from exchange transactions*. I was unable to determine the full extent of the misstatement as it was impracticable to do so. During 2017, I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions and to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions stated at R7 218 635. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the receivables from exchange transactions for the current period. Consequently, I was unable to determine whether any adjustment relating to receivables from exchange transactions stated at R6 840 503 (2017: R7 218 635) in note 9 was necessary.

Receivables from non-exchange transactions

9. The municipality incorrectly calculated impairment loss on receivables from non-exchange transactions in the current year and prior year by using the incorrect assumptions in the calculation, as required by GRAP 21, *Impairment of Non-Cash-generating assets*. I was unable to determine the full extent of the misstatement as it was impracticable to do so. During 2017, I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions and to confirm the receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from non-exchange transactions stated at R4 395 263. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the receivables from non-exchange transactions for the current period. Consequently, I was unable to determine whether any adjustment relating to receivables from non-exchange transactions stated at R4 625 073 (2017: R4 395 263) in note 10 was necessary.

Expenditure

10. The municipality did not recognise all contracted services, bulk purchases, inventory consumed, operational costs and water losses in terms of the nature of the transactions in accordance with GRAP 1, *Presentation of financial statements*. As the municipality did not evaluate each transaction for the current and prior year to determine the nature of the individual transactions during the reclassification process, I was unable to determine the full extent of the misstatements between these accounts as it was impracticable to do so. Additionally, there was a resultant impact on the statement of comparison of budget and actual amounts.

Fruitless and wasteful expenditure

11. I was unable to obtain sufficient appropriate audit evidence to confirm fruitless and wasteful expenditure to the amount of R21 422 977 included in the notes to the financial statements as the municipality could not provide the full listing of individual items that support the opening balance. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the fruitless and wasteful expenditure stated at R34 009 964 (2017: R21 422 977) in note 52.2 of the financial statements.

Contingent liabilities

12. I was unable to obtain sufficient appropriate audit evidence that all contingent liabilities had been recorded, as the municipality did not have adequate systems and I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to contingent liabilities stated at R334 720 in note 58 of the financial statements.

Prior period error

13. The municipality did not disclose previous period errors in note 46 to the financial statements relating to irregular expenditure and fruitless and wasteful expenditure, as required by GRAP 3, Accounting policies, estimates and errors. The nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed.

Context for the opinion

14. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

15. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
16. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to financial sustainability

17. I draw attention to the matter below. My opinion is not modified in respect of this matter.
18. I draw attention to note 60 to the financial statements, which indicates that the municipality incurred a net loss of R51 088 428 during the year ended 30 June 2018 and, as of that date the municipality's current liabilities exceeded its total assets by R188 304 721. As stated in note 60, these events or conditions, along with other matters as set forth in note 60, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

19. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material losses - electricity

20. As disclosed in note 53.8 to the financial statements, material electricity losses of R5 002 823 (2017: R5 560 027) was incurred, which represents 14.50% (2017: 15.22%) of total electricity purchased. The reason for the losses results from the losses incurred relating to the pre-paid meter system.

Material losses - water

21. As disclosed in note 53.8 to the financial statements, material water losses of R5 639 687 (2017: R6 420 017) was incurred, which represents 17.99% (2017: 21.46%) of total water purchased. The reason for the losses results from the bursting and leaking of pipes.

Other matters

22. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

23. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Unaudited supplementary schedules

24. The supplementary information set out on pages X to X does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

25. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the MFMA, DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
26. In preparing the financial statements, the accounting officer is responsible for assessing the Nama Khoi Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

27. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
28. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

29. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected objective presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.
30. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2018:

Objective	Pages in the annual performance report
KPA 1 – Basic Service Delivery	X – X

31. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

32. The material findings in respect of the usefulness and reliability of the selected objective are as follows:

KPA1 – Basic Service Delivery

Various indicators

33. I was unable to obtain sufficient appropriate audit evidence to support the reported achievements of 4 of the 16 indicators relating to this objective. This was due to a lack of technical indicator descriptions, proper performance management systems and processes, formal standard operating procedures and documented systems descriptions that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement and the reported measures taken of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievements and the reported measures taken to improve performance in the annual performance report for the indicators listed below:

Indicator number	Indicator description	Reported achievement
KPI 49	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Electricity	66.67%
KPI 50	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Sanitation	91.67%
KPI 51	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Water	92%
KPI 52	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Solid waste removal	11 336

34. The municipality did not have an adequate record keeping system to enable reliable reporting on achievement of the indicators listed below. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not agree to the reported achievements. Based on the supporting evidence that was provided, the achievement of these indicators was different to the reported achievement in the annual performance report. I was also unable to further confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements of the indicators listed below.

Indicator number	Indicator description	Reported achievement	Audited achievement
KPI 57	Cleaning of storm water channels	4 111.63 m2	3 680 m2
KPI 56	Grading of gravel road	223.5 km	479 km
KPI 55	Square meters of tarred road repaired	6 262.91 m2	7 408 m2
KPI 59	Routine inspections on electricity mini substations	49	133
KPI 16	Attend to law enforcement complaints	100%	82%

35. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the indicators listed below. This was due to limitations placed on the scope of my work and appropriate systems not being in place to collect, collate and report on these indicators. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievements as reported in the annual performance report.

Indicator number	Indicator description	Reported achievement
KPI 61	Monthly reporting on number of new electricity connections completed	75%
KPI 58	Monitoring of waste water quality compliance	8

36. A comparison between the performance of the year under review and previous year was not included in the annual performance report for the indicators listed below:

Indicator number	Indicator description
KPI049	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Electricity
KPI050	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Sanitation
KPI051	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Water
KPI052	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Solid waste removal
KPI055	Square meters of tarred road repaired
KPI056	Grading of gravel road
KPI057	Cleaning of storm water channels
KPI058	Monitoring of waste water quality compliance
KPI059	Routine inspections on electricity mini substations
KPI060	Inspections of pole mounted transformers
KPI061	Monthly reporting on number of new electricity connections completed

37. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against the following targets as reported in the annual performance report. This was due to limitations placed on the scope of my work and misstatements that were identified. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.

Indicator number	Indicator description
KPI 49	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Electricity
KPI 50	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Sanitation
KPI 51	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Water
KPI 52	Report on the provision of basic service delivery to Nama Khoi residents (NKPI Proxy indicator - S10(a)): Solid waste removal
KPI 58	Monitoring of waste water quality compliance
KPI 61	Monthly reporting on number of new electricity connections completed

Other matter

38. I draw attention to the matter below.

Achievement of planned targets

39. Refer to the annual performance report on pages X to X; X to X for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs X; X; X of this report.

Report on the audit of compliance with legislation

Introduction and scope

40. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

41. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements and Annual report

42. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

43. Material misstatements of non-current assets, current assets, current liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

44. Money owed by the municipality was not always paid within 30 days, as required by section 65(2) (e) of the MFMA.
45. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) (d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by not adhering to the requirements of the supply chain regulations.
46. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA. The expenditure disclosed does not reflect the full extent of the fruitless and wasteful expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by the late payments of accounts.
47. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R32 327 869, as disclosed in note 52.1 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the unauthorised expenditure was caused by the overspending of the votes.

Asset management

48. All investments were not made in accordance with the requirements of the investment policy as more than 50% of funds were invested with a single institution, as required by municipal investment regulation 3(3).
49. An effective system of internal control for assets was not in place, as required by section 63(2) (c) of the MFMA.

Strategic planning and performance management

50. The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote.

Procurement and contact management

51. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
52. Quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
53. Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38(1), because some of the contracts were awarded to providers who did not submit a completed MBD 8.
54. The fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Human resource management

55. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1) (d) of the municipal systems act.

Utilisation of conditional grants

56. Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated, as required by section 12(5) of the DoRA.
57. Performance in respect of programmes funded by the Water Services Infrastructure Grant was not evaluated, as required by section 12(5) of the DoRA.

Consequence management

58. The unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
59. The irregular and fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

60. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that have been specifically reported in this auditor's report.
61. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
62. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
63. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.
64. We are unable to conclude whether the other information is materially misstated because I was unable to obtain sufficient appropriate audit evidence for KPI 1: Basic Service Delivery.

Internal control deficiencies

65. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

66. Leadership did not adequately exercise appropriate oversight over financial and performance reporting, compliance monitoring and related internal controls, which led to matters being repeatedly raised from the prior year to the current year.

Financial and performance management

67. Despite having approved policies in place, this has not made a significant impact on the municipality due to the remaining lack of skills and capacity that exist within the finance department and the municipality as a whole.
68. Management's internal controls and processes over the preparation and presentation of financial statements and performance information were not adequate to ensure that the financial statements and performance report were free from material misstatements.
69. The non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored and control measures implemented during the financial year.

Governance

70. The audit committee did not appropriately discharge their mandate for the financial year under review. The internal audit interventions did not strengthen the controls over the areas of qualifications with the work that was executed during the year. The municipality did not perform formal risk assessment processes during the year that considered all risks relating to the municipality.

Other reports

71. I draw attention to the following engagement conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
72. The Directorate for Priority Crime Investigation (Hawks) are investigating allegations of land being disposed inappropriately that occurred during 2008 and 2009. These proceedings were in progress at the date of this report.

Auditor General.
Kimberley

30 November 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objective and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nama Khoi Local Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.